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GOVERNOR BARBOUR SETS ASIDE \$50 MILLION
TO REDUCE 'WIND POOL' RATE INCREASE

(Biloxi, Mississippi) – Governor Haley Barbour announced today he has set aside \$50 million in state-administered federal grants to mitigate an expected increase in the cost of insurance to consumers under “wind pool” policies.

The wind pool – officially known as the Mississippi Windstorm Underwriting Association – is an insurer of last resort for homes and businesses in Harrison, Hancock, Jackson, Stone, George and Pearl River counties. It is funded through customer premiums and assessments from every insurance company in Mississippi.

As a result of Hurricane Katrina, 16,000 policy holders in the wind pool, almost all of whom have already incurred devastating personal losses, face the prospects of huge increases in their annual premiums for wind and hail insurance. Governor Barbour, joined at a Biloxi news conference by Insurance Commissioner George Dale, said such increases – resulting from a spike in wind risk reinsurance rates for high risk properties on the Coast – would be economically debilitating.

“Mitigation of these costs is integral to the recovery of the Mississippi Coast. If insurance becomes unaffordable, financing and rebuilding efforts become much more difficult,” Governor Barbour said. The Governor said he intends to use \$30 million this year and \$20 million next year in Community Development Block Grants to offset these costs, making policies more affordable for consumers who need the protection.

Many industry observers believe that absent another huge storm, reinsurance costs will substantially decrease for the 2007 hurricane season. With a grant to cover the surge in reinsurance cost, the wind pool can reduce the amount of premium increase needed for 2006.

(COMMISSIONER DALE QUOTE GOES HERE)

As part of an approval process through the U.S. Department of Housing and Urban Development, the Governor’s plan for wind pool

mitigation and a ratepayer mitigation plan to defray potential additional consumer costs resulting from utility infrastructure restoration in the wake of Hurricane Katrina are open for public comment.

The ratepayer mitigation plan is designed to help South Mississippi customers of utilities that incurred additional costs to provide emergency and temporary services after Katrina.

The Ratepayer and Wind Pool Mitigation plans are posted on the Mississippi Development Authority Web site, www.mississippi.org. The draft plan is also available at county courthouses, administrative offices, city halls, and on the Internet at: www.mshomehelp.gov. Comments can be faxed to 601.359.9280 or submitted through a comment form on the aforementioned Web site. All comments must be received by June 24, 2006 to be considered.

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